

116TH CONGRESS  
2D SESSION

# S. 3361

To amend the Securities Exchange Act of 1934 to require issuers to disclose to the Securities and Exchange Commission information regarding human capital management policies, practices, and performance, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 27, 2020

Mr. WARNER introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To amend the Securities Exchange Act of 1934 to require issuers to disclose to the Securities and Exchange Commission information regarding human capital management policies, practices, and performance, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Workforce Investment  
5       Disclosure Act of 2020”.

## 1 SEC. 2. DISCLOSURES RELATED TO HUMAN CAPITAL MAN- 2 AGEMENT.

3 Section 13 of the Securities Exchange Act of 1934  
4 (15 U.S.C. 78m) is amended by adding at the end the  
5 following:

6        “(s) DISCLOSURES RELATING TO HUMAN CAPITAL  
7 MANAGEMENT.—

8                 “(1) IN GENERAL.—Each issuer required to file  
9                 an annual report under subsection (a) shall disclose  
10                 in that report information about human capital  
11                 management policies, practices, and performance  
12                 with respect to the issuer.

13       “(2) RULES.—Not later than 270 days after  
14       the date of enactment of this subsection, the Com-  
15       mission shall issue final rules to carry out paragraph  
16       (1), which shall require disclosure of the following  
17       with respect to an issuer described in that para-  
18       graph:

19                 “(A) Workforce demographic information,  
20                 including the number of full-time employees,  
21                 the number of part-time employees, the number  
22                 of contingent workers (including temporary and  
23                 contract workers), and any policies or practices  
24                 relating to subcontracting, outsourcing, and  
25                 insourcing.

1                 “(B) Workforce stability information, in-  
2                 cluding information about the voluntary turn-  
3                 over or retention rate, the involuntary turnover  
4                 rate, the internal hiring rate, and the internal  
5                 promotion rate.

6                 “(C) Workforce composition, including  
7                 data on diversity (including racial, ethnic, and  
8                 gender composition) and any policies and audits  
9                 relating to diversity.

10                 “(D) Workforce skills and capabilities, in-  
11                 cluding information about training of employees  
12                 (including the average number of hours of  
13                 training and spending on training per employee  
14                 per year), skills gaps, and alignment of skills  
15                 and capabilities with business strategy.

16                 “(E) Workforce health and safety, includ-  
17                 ing information about—

18                         “(i) the frequency, severity, and lost  
19                 time due to injuries, illness, and fatalities;

20                         “(ii) the total dollar value of assessed  
21                 fines under the Occupational Safety and  
22                 Health Act of 1970 (29 U.S.C. 651 et  
23                 seq.);

24                         “(iii) the total number of actions  
25                 brought under section 13 of the Occupa-

1                      tional Safety and Health Act of 1970 (29  
2                      U.S.C. 662) to prevent imminent dangers;  
3                      and

8               “(F) Workforce compensation and incen-  
9               tives, including information about—

10                             “(i) total workforce compensation, in-  
11                             cluding disaggregated information about  
12                             compensation for full-time, part-time, and  
13                             contingent workers;

14                         “(ii) policies and practices about how  
15                         performance, productivity, and sustain-  
16                         ability are considered when setting pay and  
17                         making promotion decisions; and

18                             “(iii) policies and practices relating to  
19                             any incentives and bonuses provided to em-  
20                             ployees below the named executive level  
21                             and any policies or practices designed to  
22                             counter any risks created by such incen-  
23                             tives and bonuses.

24                         “(G) Workforce recruiting and needs, in-  
25                         cluding the number of new jobs created, the

1           worker classification of new jobs, and the new  
2           hire retention rate.

3           “(3) TREATMENT OF EMERGING GROWTH COM-  
4           PANIES.—The Commission may exempt emerging  
5           growth companies from any disclosure required  
6           under subparagraph (D), (E), (F), or (G) of para-  
7           graph (2), if the Commission determines that such  
8           an exemption is necessary or appropriate in the pub-  
9           lic interest or for the protection of investors.”.

10 **SEC. 3. BACKSTOP.**

11           (a) DEFINITIONS.—In this section—

12               (1) the term “Commission” means the Securi-  
13           ties and Exchange Commission;

14               (2) the term “covered issuer” means an issuer  
15           that is required to file an annual report under sec-  
16           tion 13(a) of the Securities Exchange Act of 1934  
17           (15 U.S.C. 78m(a)); and

18               (3) the term “issuer” has the meaning given  
19           the term in section 3(a) of the Securities Exchange  
20           Act of 1934 (15 U.S.C. 78c(a)).

21           (b) COMPLIANCE.— If, as of the date that is 2 years  
22           after the date of enactment of this Act, the Commission  
23           has not issued the rules required under subsection (s)(2)  
24           of section 13 of the Securities Exchange Act of 1934 (15  
25           U.S.C. 78m), as added by section 2 of this Act, a covered

1 issuer, during the period beginning on that date and end-  
2 ing on the date on which the Commission issues those  
3 rules, shall be deemed to be in compliance with subsection  
4 (s) of such section 13 if disclosures set forth in the annual  
5 report of the covered issuer satisfy the public disclosure  
6 standards of the International Organization for Standard-  
7 ization’s ISO 30414, or any successor standards for exter-  
8 nal human capital reporting, as supplemented or adjusted  
9 by rules, guidance, or other comments from the Commis-  
10 sion.

11 **SEC. 4. SEC STUDY.**

12 (a) **DEFINITIONS.**—In this section, the terms “Com-  
13 mission” and “issuer” have the meanings given those  
14 terms in section 3(a).

15 (b) **STUDY.**—The Commission shall conduct a study  
16 about the value to investors of—

17 (1) information about the human rights com-  
18 mitments of issuers required to file annual reports  
19 under section 13(a) of the Securities Exchange Act  
20 of 1934 (15 U.S.C. 78m(a)), including information  
21 about any principles used to evaluate risk, constitu-  
22 ency consultation processes, and supplier due dili-  
23 gence;

24 (2) with respect to issuers required to file an-  
25 nual reports under section 13(a) of the Securities

1 Exchange Act of 1934 (15 U.S.C. 78m(a)), informa-  
2 tion about—

3 (A) violations of the Fair Labor Standards  
4 Act of 1938 (29 U.S.C. 201 et seq.) by those  
5 issuers; and

6 (B) workforce culture and empowerment,  
7 including information about—

8 (i) policies and practices of each such  
9 issuer relating to freedom of association  
10 and work-life balance initiatives;

11 (ii) any incidents of verified workplace  
12 harassment in the previous 5 fiscal years  
13 of each such issuer; and

14 (iii) the policies and practices of each  
15 such issuer relating to employee engage-  
16 ment and psychological wellbeing, including  
17 management discussion regarding—

18 (I) the creation of a culture of  
19 lifelong learning;

20 (II) fostering a sense of purpose  
21 in the workforce;

22 (III) trust in management; and

23 (IV) a supportive, fair, and con-  
24 structive workplace;

10 (4) surveys regarding employee satisfaction and  
11 engagement.

12 (c) REPORT.—Not later than 1 year after the date  
13 of enactment of this Act, the Commission shall submit to  
14 Congress a report that contains the results of the study  
15 required to be conducted under subsection (b).

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